

10. June 2021

Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N. W.

Washington, DC 20551, USA

**Via Email:** [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

## **Docket No. R-1750**

Ladies and Gentlemen,

Instant payment will be integral part of the financial system, and transactions can be divided into four categories:

1. retail versus institutional/corporate, and
2. domestic versus international

Regarding retail, these transactions are always at the beginning or end of a payment or supply chain. An exact definition does not seem necessary from a technical point of view. But anecdotal evidence shows that retail clients who are used to instant payment often check completion. If it takes too long, there is risk of repetitions due to impatience.

Regarding corporations, these transactions are often in the middle of a payment and supply chain. Executions are more and more algorithm driven and automatically executed. The corporate system needs are clearly defined "signal" to know if and when a transaction has failed to automatically start back-up procedure, repeat transaction or alternative procedure. Otherwise there is the risk of initiating an unintentional chain reaction.

Regarding domestic, the FedNow Service has more leeway to determine the time limit of instant payment.

Regarding international, going forward US payment system will be connected globally. ECB already has defined instant payment as within 9 seconds. So far for transactions within the Euro area, but several European countries have decided to join ECP TIPS, for example Sweden's Riksbank. It seems to make sense for FedNow to also target similar time limit to allow easier connectivity in the future.

Minimum execution time for instant payments seems also advisable. If transactions are executed too fast the institutional side will split in bigger FI versus smaller, less sophisticated FI and NFC, due to cost of technology and different access (direct/indirect) to FedNow infrastructure. As a result, there would be no level playing field. Large FI could misuse the competitive advantageous, while others lose confidence in benefits of instant payment.

Further, with the introduction of minimum execution time there will be room for additional automatic tests, for instance fraud detection, plus payment system will be more reliable in times of stress due to less pressure on technology.

In short, it might make sense to define instant payment as a within certain time frame, for example within 2 to 9 seconds.

Best Regards

Manfred E. Will  
Founder & CEO